

CITIZENS' TASK FORCE ON CHARGERS ISSUES
MINUTES for meeting of
December 5, 2002

Meeting held at:

**Qualcomm Stadium
949 Friars Road**

Mailing address is:

**City of San Diego
Special Projects Administration
1010 Second Ave, Suite 500, MS 658
San Diego, CA 92101**

ATTENDANCE:

Members Present

David Watson
Nikki Clay
Cassandra Clady
Pepper Coffey
Tom Fat
Bruce Henderson
Karen Heumann
Bill Largent
Joe Martinez
Geoff Patnoe
Patti Roscoe
Ron Saathoff
Leonard Simon
Jeff Smith

Members Absent

Tim Considine

Staff Present

Libby Coalson
Les Girard
John Mullen
Stephen Shushan
Dan Barrett

CALL TO ORDER

Item 1: Citizens' Task Force on Chargers Issues Meeting called to order.

Item 2: Roll Call – Libby Coalson

AGENDA ITEMS

Item 3: Task Force minutes of November 14, 2002 approved unanimously.

Item 4: Chair comments –

There has been much attention given to Chargers issues since the last meeting. Trying to sum up where we are – we are exactly where we knew we would be at this time. The trigger period opened December 1st, which was not a surprise. The City Council voiced support for this process and agreed to listen to the recommendations. Nothing has changed since the task force process began. Task force members have done a good job and have demonstrated through comments and actions that we are not “rubber-stamping” anything. Still doesn't know what the majority of the task force members feel the outcome should be.

The task force did anticipate the trigger window. A report by the Contracts Committee regarding that issue was delivered to the City Council. The task force has recognized the need for full public discussion on major policy issues. Sometimes there is a need for attorneys (City attorney, in this case) to have an opportunity to advise their clients confidentially about legal options. Task force had anticipated that the City attorney would have an opportunity to brief the City Council in a closed session meeting regarding the trigger – to provide a confidential analysis which should be narrow in scope, focused on legal issues regarding the trigger event so that it doesn't preclude open discussion about the policy issues. He encourages the Mayor and City Council to request a confidential analysis.

There has been much talk about the trigger and ticket guarantee. The Chargers have offered to negotiate to eliminate these provisions. In terms of how the existing contract works, the Chargers could, without any negotiation, get rid of the ticket guarantee or decide not to trigger – this is 100% within the Chargers control. It has been amusing to watch people try to portray Chargers as victims.

The Mayor has publicly rejected the Chargers offer to renegotiate and he agrees. As represented in the media, the offer would include allowing the Chargers to leave in 2004 if there was no new stadium approved. This would eliminate the benefits to the City in the last 10 years of the contract.

The task force has been given a job to do, regardless of everything happening around them. Regardless of the ticket guarantee and trigger, the task force has to find a financially viable option that the public will support. Believes the task force can rise above the politics and the propaganda and do its job.

There is plenty of time to do this. Under the contract, the trigger period starts a 90 day period for good faith negotiations. Then, there is an 18-month period in which Chargers can negotiate with other cities. Then, if they find anything, they have to come back and have 90 days to allow the City the opportunity to match any deal. The task force will be finished long before then. So, the task force is going to move forward and do as good a job as possible, listen to all input and try to come up with some recommendations.

Item 5: Task Force Member comments -

Saathoff - agrees with Watson, and is concerned with media reports. Trigger is a potential problem, and is wholly within the Chargers control and could be delayed by the Chargers without any other approvals. Elimination of the ticket guarantee after 2005 would be detrimental to the City since it is front-loaded to the Chargers benefit.

Henderson - agrees with remarks made previously. 1) Peter DiRenza filed action in Superior Court with major point being that the Chargers cannot trigger. There has been a significant change in factors in the trigger formula since 1995. If the 1995 formula were used to calculate the numbers, there is no way the Chargers could trigger. Los Angeles assumes the Chargers are moving there. We do have defenses in the contract and should stand tough - if they can trigger, make them prove it. Thinks the City shouldn't discuss the issue until Chargers agree that they will stay until 2020. 2) Ticket guarantee - thinks there should be a committee to look at a marketing program to make sure tickets get sold, thus eliminate the City's liability for the next 5 years. He has seen articles describing other teams' innovative marketing programs and should demand one from Chargers or not pay – claim breach of contract ("best efforts" clause). Outrageous!

Clady – Found an article on the internet, from the North Carolina Sports Business Review indicating several books that might be helpful, including Rosentraub's book.

Item 6: Committee reports -

Facilities & Redevelopment - have heard over 22 presentations about different aspects of redevelopment. Members reviewed the findings and agreed upon which to be condensed and included in the final report. Ready to hear the new information tonight and consider it. Committee is developing a matrix to help analyze development options. The next committee meeting is January 6, 2003 at 5:30.

Watson – is looking for a thorough analysis and an outstanding development project to come from Facilities & Redevelopment committee. The presentations tonight and from the Chargers on 1/16 should be helpful.

Martinez – the Facilities and Redevelopment committee will be developing a program, not a design, for the site.

Finance – the committee is working on analyzing the Chargers financial condition and is still missing some information. Mark Fabiani is meeting with the committee on Monday and hopefully will provide more information. Committee is trying to address the question of whether the Chargers are financially competitive. City staff has been asked to prepare a prospectus on the cost of the contract thus far and anticipated revenue going forward. Mr. Saathoff met with the County about possible involvement in an Infrastructure Financing District.

Watson – as part of this process, committees will need to estimate the project cost, anticipated financial contributions from the City and Chargers, the annual debt service, and the amount of commercial and residential development that can fit on the site to generate the revenue to pay the debt service.

Fat - Thought Chargers would be laying out a grand plan including financing – is that still the plan?

Watson - doesn't know that Chargers will include financing, but the task force needs to address it if not, which should not be difficult to do.

Henderson – will there be environmental mitigation information provided? *Watson – we can ask these questions*

Item 7: Committee appointments –

Watson - would like to leave the Contracts Committee in place, given recent events, and ask members to just attend other committee meetings as they wish. Also, wants the Contracts Committee to be able to write letters or memos that might be needed to the City Council.

Girard - can summon or notify members in any manner and give 24-hours notice for a special meeting as needed.

Watson - will keep the contracts committee as is.

Heumann - can she still attend the Facilities & Redevelopment meeting as a voting member?

Saathoff- hopes Fat and Simon continue to attend Finance meetings.

Girard – the task force needs to vote to re-assign members to the other committees to allow them to be voting members of those committees.

Henderson - moves approval of committee assignments and keep contracts committee intact also

Vote: 12 yes, 2 no (Roscoe and Clay opposed)

Item 8: Future Meeting Dates -

Items identified for the January 23, 2003 meeting are tentative, and it is possible that meeting will be cancelled if not convenient. A public hearing on after preliminary committee reports are presented has been recommended by several Councilmembers. The Mission Valley and Serra Mesa community groups have been asked to keep a close eye on presentations so they can provide community input.

Heumann - question about use of Qualcomm for large religious events. *It is being used for these types of events now, yes okay*

Simon - do we have approval from the Mayor and City Council for a task force deadline extension? Afraid all schedule is going to unravel if we don't get the additional time.

Watson – which items could be eliminated?

Simon - could have had presentations in the amount of time available. Task force can urge citizens, groups, etc. to get in and do presentations. Should shorten, push all together, or request written presentations instead.

Henderson - agrees with Chairman's schedule

Patnoe - maybe other groups could attend the February 6th meeting? *Watson – that date is not full*

Coffey - agrees with the schedule. It has been time-consuming for Facilities & Redevelopment to get arms around issues.

Watson - hates to extend the timeframe, but doing the best they can.

Martinez - no problem, but maybe could be compacted. Maybe could move community groups up to January 16th? *Watson - defeats purpose. The intent is to have them provide feedback on the Chargers presentation.*

Martinez – maybe hold a workshop? *Watson - can compress as we get further along.*

Roscoe - strongly recommends that don't have a meeting Super Bowl week for a number of reasons.

Item 9: Public Comment

Joe Pitrosky - in favor of keeping the Chargers in town. Has had season tickets since 1961. The NFL is a big deal, it is important – there are only 32 cities with teams. As a taxpayer, he doesn't mind if

taxpayer money is used to keep the team in town. It would be a disgrace to let the Chargers leave town and would be much more expensive to get them back. A new stadium would benefit the Holiday Bowl and Aztecs too.

Fred Schnaubelt - recommends that the City sell the stadium. For the first 15 years, it lost money. Parking fees were raised to eliminate subsidies until the renovation took place and subsidies returned. Chargers attorneys can devote full time and attention whereas City attorneys cannot do that. The City is outmatched by the millionaires that compose the NFL. Recommend it be sold - advertise in Wall Street Journal.

Jessica Tibbetts - Charger fan. Become detached when don't have a sports team close by. If San Diego loses our teams, what do we have? The Chargers have become part of who she is, and would hate for children to grow up without an NFL team. Asking for a win-win situation.

Fred Berry – Has lived here since 1979 and first memories are of the Chargers. It is a huge part of life. He has had season tickets since he was a kid. Looks forward to tailgate parties and the entire experience. These are some of his best memories and wants his kids to have the same memories. It wouldn't be the same without them.

Don Stillwell - thanks task force for willingness to hear what people have to say. Since the last meeting, he made a public comment to the City Council and asked how many private businesses would like to have their buildings built and paid for. Three articles in UT on 11/26 - Bauder's article should be read by all. Chargers are businessmen and are in the business for money. Opposes special treatment for a privately-owned business owned by a multi-millionaire.

Edward Teyssier - a solution is at hand – there is a way to keep the Chargers in town and not spend any money. People should vote with their money. It would cost \$5,000 per seat for a new stadium. Allow interested citizens to put their money in and eliminate the debt. This would provide a stadium at no charge to taxpayers.

Mike Aguirre - in January thousands of San Diegans are going to lose their unemployment benefits. Those who want the Chargers to stay in town should learn how unreasonable their demands are. Chargers told fans that after negotiations, they had secured a stadium for 25 years. He has invoices for the ticket guarantee, each for a lot of money. Rosentraub said the Chargers can't trigger. The NFL sent a letter saying they wouldn't provide information that would allow the task force to determine whether the Chargers could trigger. Proposal – it is a legal dispute, so why not go to court before doing anything else? The City should fight in court about whether the Chargers can or cannot trigger before anything else.

Allison Cato - should do everything reasonable to keep the Chargers in town. Make every reasonable effort to keep Chargers where they belong.

Martha Phillips – Season ticket holder. Has heard a lot of talk, but there are not a lot of people talking to each other. The Chargers and task force are not talking to each other enough. San Diego cannot lose the NFL team we have. She urges the City to begin a dialog and start talking now. There is a huge dichotomy between the very rich and very poor. The kids in schools need role models, consistency, spirit and something to look forward to. Listen to as many people as can, speed things up so we can move ahead.

Item 10: Presentation by Professor Baim has been postponed to a later date

Item 11: Presentation by San Diego Convention and Visitors Bureau (ConVis) - Reint Reinders

See presentation

Q & A -

Patnoe- since the intent of Transient Occupancy Tax (TOT) is to promote tourism, would ConVis support a TOT increase to build a new stadium? *Haven't posed the question, but the setting does not currently support an increase.*

Roscoe – Could you provide a brief overview of the impact of losing the stadium and thus the Holiday Bowl and Aztecs? *It would be serious for all of San Diego, and disastrous for our region. Not sure that the Holiday Bowl and Aztecs would also leave if the Chargers left. Has heard stadium has good "bones", but maybe it doesn't measure up. These are both important for the fabric of community, entertainment, all that we represent.*

Clady – can you provide a percentage of how many visitors come to town to see Chargers? *No exact numbers, but probably not much except for those associated with the Super Bowl and Holiday Bowl.*

Coffey – can you further quantify the advertisement benefits that San Diego achieves through games? *It depends on whether the game is shown on national tv. It is in the markets of visiting teams, but Chargers games are not nationally shown in most cases given their playing record. A 30-second commercial during a Chargers game would cost \$10-20k. For Super Bowl, 30 seconds is \$2m and watched by huge number.*

Heumann – Is Super Bowl a huge tourist draw, given infrequency? If the site could be taken down to dirt, what would be the best use of site for tourism? *Difficult to just say. It is expensive to maintain parks. The vision is that Balboa and Mission Bay Parks become better and that resources are spent there.*

Fat - NFL said San Diego is a favorite location for Super Bowl and that we might be in a frequent rotation. *In the same stadium, it would be very difficult for the NFL to award any other Super Bowls. Now, they have changed the way they are awarding. NFL likes San Diego to host Super Bowl because we can do so in a grand fashion. Owners have to accommodate other owners, so we can't conclude that we will get it on a specific frequency. Probably wouldn't get the Super Bowl on the frequency of 10 years ago because of upgraded facilities in other places.*

Henderson – is a life member of the Zoological Society. The zoo needs to expand, to benefit kids, residents, and tourists. He sees people having a great time in Qualcomm and that an expansion for the zoo needs to be worked out. There is continuing pollution in San Diego. There are tremendous costs associated with resolving other needs of the City. Can you say we are going to have the funds needed for the zoo and pollution with no problem, or do you suspect financial problem for funding these needs? *We are very careful with finances. When look at other cities general obligation bonds compared to our small amount, and it is commendable that we look at our priorities. It would be nice to have it all. The debate will be whether we can afford it. Will it be a win-win? A public-private partnership may work.*

Clay - can we have an informal list of items Qualcomm is missing for the Super Bowl? *The City's bid included commitment to replace seats, re-paint and re-carpet locker rooms, and improve the sound system – all done.*

Watson – The Taxpayers Association commissioned a report in 1998 for economic impact. It is interesting that San Diego hosted the World Series and Super Bowl that year and the report doesn't mention professional sports. *Report represents what happens year in and year out. It relates to teams that provide local entertainment, which are for local entertainment, pride and prestige and important to the psyche of the community. The impact of generating room nights is minor. Sporting events are important as part of overall segmentation. Teams are here and important for a whole bunch of reasons other than the room nights.*

Item 12: San Diego International Sports Council presentation - Bill Allen, Jim Bailey and Tory Nixon.

See presentation

The Sports Council's mission is economic development through sports. They take economic risk to attract a variety of organized events, support local professional and collegiate teams. They anticipated a stadium issue and are here to present an assessment of the issue and a proposal to resolve it.

Jim Bailey - former executive Vice President of the Cleveland Browns. He worked on stadium issues in Cleveland and has been in San Diego for a couple of years. He negotiated deal in Baltimore and oversaw construction of new stadium there. Currently is consulting on sports facilities full time.

Mixed use development - not suggesting their configuration is the only way or the best way. They've shown the masses of the components to demonstrate that everything would fit. The proposal should be subjected to a great deal of planning. The proposal does not include roads or transportation infrastructure so may require some public outlay for that.

Q&A:

Martinez - Was their work done in cooperation with the Chargers? *No, totally independent. It was undertaken with the help of Project Design Consultants (PDC) to look at land use, planning and environmental issues.*

The group will meet with the Finance committee to review details.

Henderson - in 1995, the Sports Council reiterated the Chargers claim that the community would be provided with a state-of-the-art facility via the renovation. Sports Council said they would put together marketing program and didn't do it. Has difficulty when hears a presentation like this. What has changed? *Tory Nixon - if look at the lease, section 9d said City will seek the assistance of Sports Council. They realized it was better for the City to work with the Chargers directly and the Sports Council to work with Chargers to help them. They continue to do so and have helped get Super Bowl here. This is just one component of what Sports Council does.*

Clady – The proposal reflects mixed-use development with parking shown as structured. Community members have said parking is an issue. How many spaces are proposed? *12,000 spaces are included on-site in the model. He would anticipate that additional parking would be handled during more comprehensive planning, as part of putting the whole project together. The additional parking needed could be picked up in parking elsewhere in the area. Also, hoping for increased usage of the trolley.*

Clay - has staff who would like to help analyze the proposal. Would like more information on the land-use planning. *Sole goal was to present a concept, still needs work.*

Fat - under this scenario, is there a planned Chargers contribution? *Yes, assumed they would do so. Thinking \$130-\$150m from the Chargers and NFL combined.* Would be great for the Facilities & Redevelopment committee to have developers see if it is reasonable and can pay for a new stadium. Are they willing to go talk to developers to see if feasible? *Have done preliminary talking with some developers and received favorable responses. Encountered difficulty because developers don't want to get involved in such a way that they create an RFP for another developer to respond to. Could share what they have.*

Patnoe - cost of this? *Thinks stadium can be built for \$350m without taking into account integration features. Think maybe could come down if do a good job on the integration. Parking is included in figure.*

Simon - Timing question - current lease runs till 2020. Assuming Chargers stay until then or some time frame close to, any reason this project couldn't work at a future date - delaying a little? *We would be without a world-class stadium as a community for that period of time. Thinks it is important to attract other events. Delay would help get beyond some of current issues, Ballpark will be done, economy might be better. If it is a good idea now, would still be so down the road. Hopes the task force will take a hard look at the proposal and that it will find a receptive audience.*

Roscoe - What would the timing be, realistically? *Unsure of all steps that would be required, if a public vote is required and happened in 2004 and all other planning activities could be done, it would take two years from the time started. Probably not till 2006 or 2007 regardless of the scenario.*

Martinez - not necessarily sure the program fits the site. Wonders about hotels next to I-15 and segregating housing from the stadium with a parking structure. Since trolley ridership is low we should be more sophisticated in the future and anticipate higher public transportation usage. Housing could work here. Orientation of stadium - usually north/south or east/west, not 45 degree angle. Need access from stadium to freeway. Renovation options presented by architects could result in same profile as other facilities. We would still be lacking back of the house square footage. Is it possible to take our current facility and do something that would work for the next 20-40 years? Maybe over time, develop a program. Could see such a program working over time. A lot of work needs to be done. Could change based on economy, new venues, etc. *Tough program to tackle, don't have an answer. Welcomes comments re design layout. Renovation should be studied thoroughly. Re: parking, stadiums providing 8,000 spaces of parking are urban and have other parking garages to support them. Agrees should maximize trolley ridership.*

Fat - If this proposal could be done, how would the item be worded on the ballot? *Hasn't contemplated this, it requires a lot of thought. The stadium would need to be developed first, and the developer wouldn't begin to recover the funds put in until they develop the other components which would provide some protection to ensure that all development would ultimately be completed.*

Watson - the river is valuable and locating two parking structures next to the river won't work - would not get the community's approval. Hopes that as the proposal is revised, it would include a change in that area. Recommending that the City would give the land to the private developer - *basically yes, but not sure what the format would be.* Developer would develop privately, zero public money, and developer would get input from Chargers and NFL on stadium? *A developer may need*

assistance in bridging between development of stadium and development of other component to recover funds. Wouldn't there be a lot of hotel rooms required to generate the revenue needed? Mix would probably change as the marketplace evaluates the situation. A hotel of necessary size to generate the revenue would generate a lot of traffic and mitigation would be expensive. Has the contaminated groundwater been considered? Yes, that is not new information. Wants to make sure that everything has been taken into account. Full Environmental Impact Report (EIR) is needed before anything can go on the ballot. Need to factor that process in and include lawsuits against EIR before goes on ballot.

Heumann - biggest cost is lack of infrastructure. Need a proposal that takes that into account. Cost of traffic mitigation is huge and can't ignore. *Agree that it would need to be done. Doesn't know who would have to pay for infrastructure. Traffic needs to be addressed whether new development or not.*

Watson - have started dialogue, appreciates that. The issues are out there.

Item 13: Presentation by San Diego Chamber of Commerce - Doug Sawyer, chairman elect of Chamber

see presentation

Q&A:

Heumann – appreciates the balanced perspective about redevelopment and business.

Fat - think it should be a county-wide vote? *Reality is that it would probably be City-wide, but would like to see it be County-wide. Would Chamber support a tax increase? Believes all options have to be reviewed. Haven't been involved in review of any financing plan so can't say.*

Simon – the sale of luxury suites has been low and consistent for the last 6 or 7 years - is it for some reason other than the economy? *There are a number of factor - location, amenities, and the product on the field makes a big difference. When economy was better, team was not. A good product would sell itself.*

Henderson - seat licenses and box licenses in places with no depth of corporate presence haven't done well. Who is going to take on the risk of such a development? Would the Chamber support a proposal for the private sector to take on all the risk or expecting the City to do? *The Chamber is intrigued by public-private partnership concept with little or no money from the City.*

Watson - wants to invite the Chamber to have their infrastructure or public policy committee do a thorough analysis of the proposal. It would be good if the Chamber could come back early next year. *Would be glad to come back and had anticipated that they would do so after the details became available. Knows the committees look at the basic funding shortfall in the region – could this project be included in the mix? We would like to know how the stadium issue factors in with the other priorities and how to maximize the revenue from the site. The Chamber has been asking these types of questions internally as well. Only concern is the timing as the Chamber's review is a longer term project than the task force's timeline. For the public to accept ideas, there needs to be some demonstration of desire to get people to accept the development idea in the community.*

Roscoe - have to look at this as the possibility of the way things can be done. People aren't going to approach the task force if they are bombed when they present ideas. Should review ideas and have committees look at them. See how things can be done, rather than focusing on why they can't.

ADJOURNMENT

The meeting was adjourned at 10:00.

The next regularly scheduled meeting is:

**Thursday, January 9 @ 6:30
Tubman Chavez Building - Bonnie Ward Room
415 Euclid Avenue, SD 92114**

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Special Projects Administration
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Submitted by,

Libby Coalson
Staff Representative